

March 27, 1981

LB 327

that section across the board to proceeds, cash values, benefits, annuities of life insurance, accident insurance, health insurance and all kinds of things. It was just simply a not well drafted amendment. In meetings with the insurance industry over the summer they indicated they had problems with how they were going to administer and handle the accounting problems that were faced with them with the advent of LB 940. I told them that in response that I would make a good faith attempt to change that this year and make their jobs easier. The green copy of the bill was their first attempt to do so in which they relied on the Fraudulent Transfers or Preferences Act portion of the Bankruptcy Act. Now this in subsequent discussions seems unsatisfactory. The committee amendments then reinstitute the \$5,000 maximum and then grammatically apply that in a way that will apply to the loan values of life insurance only. In frankness I have to tell the body that the banking association at this point does not have complete acceptance and agreement on that language. I have made the arrangements with the appropriate parties to check two things. First have we created a rational or irrational classification with the committee amendments in distinguishing between debtors that go through bankruptcy and all other debtors which would be done by the committee amendments and secondly, do we in any way endanger the declination of the federal bankruptcy exemptions of last year by making reference to the bankruptcy section in the committee amendments? In answer to those questions then by way of giving legislative history let me respond that, number one, I believe we create a rational classification and, number two, it is not my intention by the introduction of LB 327 nor its passage, to decline or to in any way infringe upon the action we took last year in LB 940, that I am not trying to make a partial waiver of the federal exemptions and, therefore, allow federal bankruptcy judges to imply that this body somehow wishes to live under the federal bankruptcy exceptions. It is strictly my intention to live by the declination of federal exemptions and, secondly, to make sure that we solve that loophole. The committee amendments do that and they will be held on Select File until we have the answer from the Attorney General to the satisfaction of all parties and with that, I would urge the body to adopt the committee amendments and to pass the bill on to Select File where it will be held for the Attorney General's opinion on those two questions. Of course, I will have that printed and made available to all members as well as to the insurance end of the banking industries and the bill will only proceed with the approval of all the necessary and relevant parties. Thank you.

SPEAKER MARVEL: The motion is to adopt the committee amendments. All those in favor vote aye, opposed vote no. Have